Western Economic Diversification Canada

2015–16

Departmental Performance Report

The Honourable Navdeep Bains, P.C., M.P.
Minister of Innovation, Science and Economic Development

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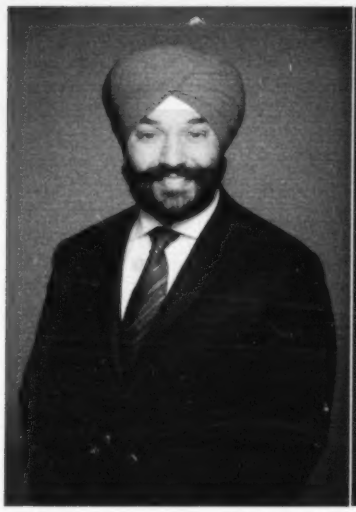
Ministers' Message

We are pleased to report the key results of Western Economic Diversification Canada for 2015–16.

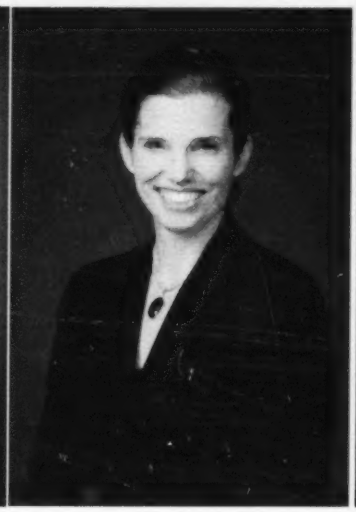
The programs of the Innovation, Science and Economic Development Portfolio work together to deliver what Canada needs to improve productivity performance, to grow the economy and to enhance prosperity and well-being. That means supporting the government's commitment to develop an Innovation Agenda, which will in turn create good-paying jobs for the middle class, drive growth across all industries, and improve the lives of Canadians. The work of the Portfolio includes helping small businesses grow through trade and innovation, promoting increased tourism to Canada, and supporting scientific research and the integration of scientific considerations in our investment and policy choices.

As we approach Canada's 150th anniversary, we pledge to continue working with stakeholders from across the country to strengthen our place in the global economy.

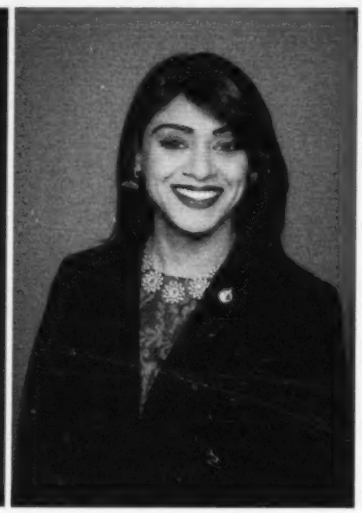
It is our honour to present the *2015–16 Departmental Performance Report* for Western Economic Diversification Canada.



The Honourable Navdeep Bains
Minister of Innovation, Science and Economic Development



The Honourable Kirsty Duncan
Minister of Science



The Honourable Bardish Chagger
Minister of Small Business and Tourism and Leader of the Government in the House of Commons

Results Highlights

What funds were used? (2015–16 Actual Spending)	Who was involved? (2015–16 Actual Full-Time Equivalents [FTEs])
$155,691,374	287

Business Development and Innovation Program

- WD-assisted projects reported $38 million in sales tied to the knowledge-based product, process, service or technology commercialized.[i]
- WD-assisted projects reported $550 million in international business activity facilitated by the Department.[ii]
- WD approved 55 projects with not-for-profit applicants under the Western Diversification Program (WDP), providing $51.9 million in assistance to strategically invest in Western Canada's innovation eco-system, strengthen western Canadian SMEs' engagement in international markets, and improve access to skilled labour.
- WD opened a second intake for the Western Innovation (WINN) Initiative and approved 21 projects for $21 million to assist western-based small and medium-sized enterprises to move new and innovative technologies from the later stages of research and development to the marketplace.
- WD completed an evaluation of Business Productivity and Growth programming which found that over the five year evaluation period 3,398 businesses were created, maintained and/or expanded, 5,596 jobs were created or maintained, and business sales increased by close to $154 million.[iii]

Community Economic Growth Program

- Between 2008 to 2013, western Canadian firms that accessed services through the WD-funded Community Futures (CF) program increased their sales by 9.9 percent and their employment growth by 7.7 percent annually, compared to non-CF clients whose sales increased by 3.7 percent and employment by 2.2 percent per year during the same period.[iv]
- Under the Canada 150 Community Infrastructure Program, WD approved 469 projects for $46.1 million to support the renovation, expansion and improvements of existing community infrastructures as part of the Government of Canada's 150th anniversary celebration of Confederation.

Policy, Advocacy and Coordination Program

- In April 2015, WD, in collaboration with Canadian Association of Defence and Security Industries, Mitacs and the Canadian Commercial Corporation, hosted the second Western Innovation Forum in Vancouver, BC. The event attracted more than 600 participants connecting them with innovation-driven investment, partnership and business opportunities in the aerospace and defence sectors.

Section I: Organizational Overview

Organizational Profile

Minister of Innovation, Science and Economic Development:
The Honourable Navdeep Bains, P.C., M.P.

Minister of Science:
The Honourable Kirsty Duncan, P.C., M.P.

Minister of Small Business and Tourism and Leader of the Government in the House of Commons:
The Honourable Bardish Chagger, P.C., M.P.

Institutional Head:
Dylan Jones

- Daphne Meredith (responsible Deputy Minister for 2015-16)

Ministerial Portfolio:
Innovation, Science and Economic Development

Enabling Instrument:
Western Economic Diversification Act,[v] R.S.C. 1985, c.11, (4th Supplement)

Year of Incorporation / Commencement:
1987

Other:
On August 4, 1987, Western Economic Diversification Canada was created as a special operating agency and officially became a federal department through the *Western Economic Diversification Act*, which came into force June 28, 1988.

Headquarters - Edmonton, Alberta

Offices - Vancouver, British Columbia
Edmonton and Calgary, Alberta
Saskatoon, Saskatchewan
Winnipeg, Manitoba
Ottawa, Ontario

Organizational Context

Raison d'être

Western Economic Diversification Canada (WD) was established to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation. The Minister of Innovation, Science and Economic Development is responsible for this organization.

The Department operates under the provision of the *Western Economic Diversification Act*, which came into force on June 28, 1988. WD is responsible for regional development in Western Canada by developing and supporting economic policies, programs and activities to promote economic growth.

Responsibilities

WD's mandate, derived from the *Western Economic Diversification Act*, is to develop and diversify the western Canadian economy. This broad mandate allows the Department to implement programs and initiatives across the West to help western Canadians create strong, competitive and innovative businesses and communities.

WD's vision is to be a leader in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities.

With offices in each western province and its headquarters in Edmonton, WD provides a strong federal presence to promote economic development in the West. Its western base has enabled the Department to foster extensive partnerships across Western Canada with business and community organizations, research and academic institutions, Indigenous groups as well as provincial and municipal governments. WD also works with other Regional Development Agencies to make strategic investments that build on competitive regional advantages.

These connections enable the Department to identify and support economic opportunities in the West and to leverage its investments to benefit the western Canadian economy. In addition, through its strong connections with federal departments across Canada and its office in Ottawa, WD ensures that western interests and perspectives are reflected in national policy development and decision-making.

WD is an important contributor to a prosperous western Canadian economy and works to build on the West's traditional economic strengths while supporting the transition to a more diverse economy. WD continues to capitalize on opportunities and implement strategies to mitigate risks and adapt to changes in a dynamic and complex economic and policy environment.

WD focuses its activities in three program areas:

Business Development and Innovation: WD helps small and medium-sized enterprises (SME) develop and grow, create jobs, expand their markets, increase their exports and become more innovative and productive. The Department assists SMEs with international business engagement and works to attract investment to the region, as well as assist western Canadian SMEs to access opportunities linked to government procurement. Further, WD promotes the development and growth of the knowledge-based economy by building innovation capacity and supporting the commercialization of new knowledge-based products, processes and services.

Community Economic Growth: WD helps communities sustain their local economies and adjust to changing economic circumstances through departmental programs and by delivering national initiatives on behalf of the Government of Canada in Western Canada. WD also supports community-based organizations that provide western entrepreneurs with the information, training and loans they need to start and grow their businesses.

Policy, Advocacy and Coordination: WD identifies opportunities to strengthen the western Canadian economy and coordinate economic development activities, policies and programs across the West. WD works to build strategic relationships with key decision makers across Canada and works with western Canadian industry on defence-related procurement opportunities.

WD supports regional economic diversification and inclusive growth through investment in projects under the Western Diversification Program (WDP) in areas of innovation, business development, community economic growth and policy, advocacy and coordination. WDP provides funding to not-for-profit organizations for projects directly supporting one (or more) of WD's six organizational priorities. Under the WDP, through the Western Innovation (WINN) Initiative,[vi] WD provides repayable contributions to SMEs to support the commercialization of knowledge-based products, services and processes. WINN has been an important tool in helping western SMEs to accelerate the commercialization process and stimulate greater private sector investment.

In addition, WD supports the Western Canada Business Service Network (WCBSN), which is a network of several independent organizations to provide a range of business services to help create and build small businesses across the West. The WCBSN network includes the Canada Business Network (CBN), Community Futures (CF), Women's Enterprise Initiative (WEI), Francophone Economic Development Organizations (FEDO), Aboriginal Business Service Network (ABSN) and Entrepreneurs with Disabilities (EDP).

Further, WD provides value-added services to western Canadian stakeholders by delivering national initiatives on behalf of the federal government in Western Canada. These include the Canada 150 Community Infrastructure Program to renovate, expand and improve existing community infrastructures, the Strategic Partnerships Initiative (SPI) that better coordinates the Government of Canada's investments to boost

Indigenous participation in economic development opportunities, as well as the Economic Development Initiative (EDI) aimed at supporting businesses and economic development in western Canadian Francophone communities.

Strategic Outcome and Program Alignment Architecture

In 2015–16, WD's Program Alignment Architecture included the following programs and sub-programs that contributed to the achievement of its Strategic Outcome, helping to ensure that Western Canada continues to make a strong contribution to Canada's economic success. Detailed information about each WD program can be found in Section III: Analysis of Programs and Internal Services.

1. **Strategic Outcome:** A growing and diversified western Canadian economy

    1.1 Program: Business Development and Innovation
        1.1.1 Sub-Program: Trade, Investment and Market Access
        1.1.2 Sub-Program: Business Productivity and Growth
        1.1.3 Sub-Program: Innovation Capacity Building
        1.1.4 Sub-Program: Technology Commercialization

    1.2 Program: Community Economic Growth
        1.2.1 Sub-Program: Infrastructure Programming
        1.2.2 Sub-Program: Community Development
        1.2.3 Sub-Program: Community Futures Program
        1.2.4 Sub-Program: Targeted Economic Initiatives

    1.3 Program: Policy, Advocacy and Coordination
        1.3.1 Sub-Program: Advocacy and Coordination
        1.3.2 Sub-Program: Economic Analysis

    Internal Services

Operating Environment and Risk Analysis

Western Canada is a significant contributor to the overall Canadian economy, accounting for 38 percent of Canada's real economic output in 2015. After leading the country in economic growth over the previous five years, Western Canada's economy shrank by 0.9 percent in 2015, while the national economy grew by 0.8 percent. Economic growth and prosperity in Western Canada continues to be largely resource-driven and the West has suffered from the economic downturn driven by low commodity prices, particularly oil. Western provinces had sharply divergent growth experiences. The more resource-intensive provinces of Alberta and Saskatchewan underwent economic downturns, while the less resource-intensive provinces of British Columbia and Manitoba had strong Gross Domestic Product (GDP) growth relative to the rest of Canada.[vii] While the West's natural resources continue to be a strong foundation for future economic growth, the

commodity slump has unmasked a number of fundamental challenges facing Western Canada's long-term economic prospects.

Compared to their international competitors, businesses in Western Canada suffer from weak competitiveness and low productivity, due in part to slower rates of adoption of new technologies and equipment.[viii] This is partly attributable to low levels of risk capital financing observed in Western Canada. Innovative start-up firms in the West faced greater challenges in accessing sufficient financing for technology commercialization priorities; this funding gap is particularly pronounced for early-stage firms. In 2015–16, WD invested in projects and activities that helped businesses increase their productivity and competitiveness through the development, commercialization and adoption of new technologies and business processes.

Western Canadian businesses also face the challenge of a small domestic market and increasing global competition. Expanding trade and market opportunities is an important component of economic prosperity. To help western Canadian businesses remain competitive in a global economy, WD worked with SMEs, industry associations and research institutions to improve access to global value chains, strengthen international partnerships and encourage foreign direct investment, in order to enhance access to international markets for western Canadian products and services.

During 2015–16, WD reviewed its projects for any potential impact that the decline in oil prices and Canada-US currency exchange may have had on project viability and deliverables. Through ongoing interaction with stakeholders, WD learned of challenges for some of its project recipients such as decreased demand for services and technologies, loss of project partners, accessibility of funds and increased cost of United States goods and services. WD continued to monitor projects and, where necessary, explored mitigation options to facilitate project progress.

Notwithstanding the current oil-driven weaknesses in the economy, Western Canada has numerous economic opportunities. The region is home to globally competitive business clusters in emerging sectors, including clean technology/green energy, advanced and composite materials, nanotechnology, biotechnology, ICT/software development and aerospace/remote sensing. The current economic climate presents challenges as well as opportunities for western provinces to pursue innovative activities and develop and enhance capabilities outside of traditional areas of strength. In 2015–16, WD continued to act as a pathfinder, convenor and strategic investor to support the development of innovative western enterprises, including those in emerging industries.

WD's policy and program development continues to support Government of Canada priorities, as outlined in ministerial mandate letters and Budget 2016. These priorities include contributing to the Canada's Innovation Agenda, supporting clean technologies, helping high-impact firms and promoting economic development and jobs for Indigenous Peoples. These priorities represent opportunities to grow and diversify the western Canadian economy, particularly in key emerging sectors, while maintaining traditional strengths.

WD ensures that departmental and Government of Canada priorities are met by mitigating its external risks through strategic investments and collaborating and convening with key stakeholders.

Key Risks

Risk	Risk Response Strategy	Link to Organization's Program(s)
Weak competitiveness and low productivity in Western Canada	• Approved 55 WDP projects with total WD investment of $52.0 million to improve business development through activities such as the adoption of sound management or business practices, or technology, and training leading to the hiring of skilled workers. • Approved 21 WINN projects with total WD investment of $21.0 million to bring innovative technology-based products, processes and services to market.	Business Development and Innovation
Small domestic market and increasing global competition for western Canadian businesses	• Approved 14 new projects in Trade, Investment and Market Access with $11.0 million in WD funding. • Worked with western Canadian SMEs and industry associations to improve access to global value chains by supporting projects that promote aerospace and defence sectors at global events and convening events to connect suppliers and global companies.	Business Development and Innovation

Organizational Priorities

In 2015–16, WD focused on six organizational priorities as outlined in the *2015–16 Report on Plans and Priorities*.[ix] These key areas provided greater clarity and focus for the Department on creating jobs, promoting economic growth and supporting the Canada's Innovation Agenda while delivering on WD's mandate to develop and diversify the western Canadian economy.

Innovation

Description

Strengthen Western Canada's innovation capacity by investing in projects that will bring new technology-based products, processes and services to market and convening key stakeholders to facilitate discussions on how to strengthen the innovation marketplace and support pre-commercialization opportunities. WD's work will contribute to the Innovation Agenda, including investing in key growth sectors such as clean technology.

Priority Type[x]
Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Under the WINN Initiative, assist SMEs in Western Canada to move their new and innovative technologies from the later stages of research and development (R&D) to the marketplace.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination
• Invest in market-driven projects that develop and showcase new innovative processes and technologies, and support the innovation ecosystem for SMEs through capacity building.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination
• Act as a convenor of industry, post-secondary institutions, major research facilities and government to facilitate the advancement of innovation policy and identify new innovation models that strengthen the innovation marketplace and support commercialization opportunities.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination

Progress Toward the Priority

- WD's strategic investments under the Innovation priority contribute to the Innovation Agenda.
- In 2015–16, WD approved $21.0 million in repayable contributions and leveraged $21.8 million for 21 new projects under WINN. This supported western SMEs to move their new and innovative technologies from the later stages of R&D to the marketplace. These projects build upon competitive regional advantages by covering a range of sectors outside traditional areas of strength, including clean technology, information communication technologies, health and life sciences, and value-added manufacturing.
- WINN invested in market-driven projects that developed and showcased new innovative processes and technologies, supporting the innovation ecosystem for SMEs through capacity building.
- WD also approved 22 new WDP projects with $27.6 million in departmental funding and $35.4 million in leveraged funding for not-for-profit organizations to promote technology commercialization and innovation capacity building in Western Canada.

- Twelve of the approved WDP and WINN projects supported the development and adoption of clean technology under the Innovation priority.
- Projects under the Innovation priority reported $7.7 million in sales tied to the knowledge-based product, process, service or technology commercialized, 135 highly qualified personnel were trained and 82 highly qualified personnel jobs were created.
- WD signed a Memorandum of Understanding with Sustainable Development Technology Canada to provide a platform for coordinating both organizations' efforts in developing a clean technology sector in Western Canada.
- WD acted as a convenor of industry, post-secondary institutions, major research facilities and government to facilitate the advancement of innovation policy and identify new innovation models that strengthen the innovation marketplace and support commercialization opportunities.
- WD participated in the BCTECH Summit held in January 2016 to enhance access to capital capacity in Western Canada. The Department shared a co-branded booth space with other federal departments to engage with key sector stakeholders and to discuss the importance of financing new start-ups.
- WD worked with other federal departments to coordinate the Government of Canada's participation in events and activities related to the GLOBE 2016 International Conference and Innovation Expo, a global clean technology conference.
- WD undertook stakeholder and partner engagement in pursuit of innovation objectives, including the BAE Systems Innovation Tour, Canadian Energy Technology Forum, COSIA 2015 Conference, Banff Venture Forum, Calgary TechRev Innovators 2015 and the Canadian Aerospace Summit.

Skills Development and Training

Description

Support market-driven skills development, including project funding to support skills training, and facilitate the development of partnerships between industry and organizations that deliver post-secondary training to generate sustainable, long-term jobs. This includes improving workers' access to high quality job training that provides western Canadians with pathways to good careers.

Priority Type[x]

Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Facilitate opportunities that bring together industry and organizations that deliver post-secondary training to explore partnerships and increase training capacity.	Ongoing	Ongoing	On track	Business Development and Innovation Community Economic Growth Policy, Advocacy and Coordination

• Support skills development and training projects focused on increasing the availability of equipment and implementing on-site training programs.	Ongoing	Ongoing	On track	Business Development and Innovation Community Economic Growth Policy, Advocacy and Coordination

Progress Toward the Priority

- In 2015–16, WD approved $8.7 million and leveraged $26.9 million for 11 new WDP projects to increase training capacity of organizations that deliver post-secondary training; enhance partnerships between industry and organizations that deliver post-secondary training; implement on-site training programs; and encourage the development and adoption of innovative business processes and practices.
- Projects under this priority reported 131 skilled workers hired as a result of training or skills certification and 310 participants trained in a skills shortage area.
- WD continued to lead the Skills Development and Training Community of Interest with Prairie Federal Council members to facilitate senior level information sharing, provide the opportunity to build awareness of departmental priorities and programming and further cooperation through in-depth discussions of key files, related issues and areas of potential collaboration.
- The Interdepartmental Skills Development and Training Community of Interest collated program and service offering packages, project information and identified topics for future collaboration between participating departments and organizations.

Indigenous Economic Growth

Description

Engage and work with Indigenous entrepreneurs and SMEs to identify opportunities for economic and skills development for Indigenous Peoples and communities.

Priority Type[x]

Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Engage Indigenous Peoples across the West and key partners, including Indigenous and Northern Affairs Canada, to identify opportunities for collaborative investment in support of economic development, such as strengthening Indigenous	Ongoing	Ongoing	On track	Business Development and Innovation Community Economic Growth Policy, Advocacy and Coordination

business development and entrepreneurship.				
• Work with Indigenous Peoples across the West to partner with industry, other government departments, post-secondary institutions and other organizations to increase opportunities for Indigenous skills development, particularly in the natural resource sector.	Ongoing	Ongoing	On track	Business Development and Innovation Community Economic Growth Policy, Advocacy and Coordination
• Provide funding to the Aboriginal Business Services Network and Aboriginal Community Futures organizations across Western Canada to enhance access to business information, services and training.	Ongoing	Ongoing	On track	Business Development and Innovation Community Economic Growth Policy, Advocacy and Coordination

Progress Toward the Priority

- In 2015–16, WD approved $2.5 million and leveraged $8.5 million for four new WDP projects to promote Indigenous economic growth. In addition, WD continues to administer six Strategic Partnerships Initiative (SPI) projects, representing an investment of over $4.0 million in SPI funding. This portfolio of projects will increase business and skills development, training and employment opportunities for Indigenous Peoples.
- Another $4.0 million of SPI funding was approved to deliver the British Columbia Indigenous Clean Energy Initiative (BC ICEI) in partnership with New Relationship Trust. The BC ICEI will provide pathfinding services, early stage funding, and facilitate new partnerships for Indigenous clean energy and energy efficiency projects in BC. An Advisory Committee of federal, provincial, Indigenous and industry leaders has been established to guide the initiative. It is anticipated that over the three year initiative, the BC ICEI will increase the capacity of Indigenous communities in BC by advancing up to 20 Indigenous led clean energy projects, including in remote and off-grid communities, and attracting up to $5 million in direct investment.
- Projects under this priority reported 68 skilled workers hired as a result of training or skills certification and 14 businesses created, maintained or expanded through business or capital services.
- WD, in partnership with Indigenous and Northern Affairs Canada, hosted the Saskatchewan Aboriginal Economic Development Forum on December 8, 2015 in Saskatoon. The forum connected approximately 140 Indigenous economic leaders and businesses with procurement opportunities with the Federal Government, Provincial Crown Corporations and the large Saskatchewan-based mining and construction companies.
- WD led the establishment of a Canada-BC Aboriginal Business Development Committee to coordinate programs and services supporting Indigenous business development. Initial efforts have focused on liquefied natural gas (LNG) supplier growth and advancement of a research project with the First Nations LNG Alliance.
- WD continued to provide $5.3 million to support the Aboriginal Business Service Network and 13 Aboriginal Community Futures, which provide loans and related support services to Indigenous businesses.

Trade and Investment

Description

Enhance SME participation in international business, particularly in emerging markets. This work will support western Canadian businesses to increase their exports, expand the range of their trading partners, and adjust to, take advantage of, and prepare for, the implementation of new trade agreements.

Priority Type[x]

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Assist western SMEs engaging in international business and increase their penetration in international markets, both in North America and emerging markets.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination
• Improve trade corridors of importance to Western Canada to support the flow of goods, services and people into and out of Western Canada.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination
• Raise awareness of Western Canada's key sectors, strengths and capabilities in international markets, especially emerging markets, and attract foreign investment to the region.	Ongoing	Ongoing	On track	Business Development and Innovation Policy, Advocacy and Coordination

Progress Toward the Priority

- In 2015–16, WD approved $11.0 million and leveraged $16.8 million for 14 new trade and investment projects. WD worked closely with Global Affairs Canada, Agriculture and Agri-Food Canada, Export Development Corporation and other partners to ensure these projects aligned closely with Government of Canada and departmental priorities.
- Projects under the Trade and Investment priority reported $398 million in international business activity facilitated by WD, $643 million in international business leads generated through missions, events, and marketing initiatives, and 315 western SMEs and other organizations pursued a trade, investment, international research and development or tourism opportunity.

- WD approved the establishment of a "single-window" Foreign Trade Zone (FTZ) Point at Regina's Global Transportation Hub. In the West, there are now four FTZ Points in Edmonton, Calgary, Regina and Winnipeg. The FTZ Points facilitate the coordination of government programs and services related to international trade.
- WD continued to strengthen our engagement with Global Affairs Canada and other key federal departments and agencies involved in trade and investment in relation to Canada's new free trade agreements and the CanExport program. In addition, WD contributed to the development of a new Canadian Trade and Export Strategy.

Federal Defence Procurement

Description

Maximize the ability of western SMEs to capitalize on federal defence procurement opportunities. This will enhance job creation and economic growth in Western Canada.

Priority Type[x]

Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Work as a business facilitator to inform western Canadian stakeholders of federal defence procurement and what is required to successfully engage and maximize participation in global supply chains of prime contractors and key partners.	Ongoing	Ongoing	On track	Policy, Advocacy and Coordination Business Development and Innovation
• Strengthen the western Canadian aerospace, defence and marine sectors by identifying strategic investments that support innovation, international competitiveness & growth.	Ongoing	Ongoing	On track	Policy, Advocacy and Coordination Business Development and Innovation
• Support collaborative trade and investment opportunities, including sustained participation at international events and trade missions in the aerospace, defence and marine sectors as part of a unified Canadian presence.	Ongoing	Ongoing	On track	Policy, Advocacy and Coordination Business Development and Innovation

• Represent western interests to decision makers in the development of national policies and strategies relating to the federal procurement process, particularly the federal Defence Procurement Strategy, and the aerospace, defence and marine sectors.	Ongoing	Ongoing	On track	Policy, Advocacy and Coordination Business Development and Innovation

Progress Toward the Priority

- In 2015–16, WD approved seven defence projects with $3.5 million in departmental funding and $4.8 million in leveraged funding.[xi] These projects will increase global awareness of Western Canada's aerospace, defence, and marine sectors; inform western Canadian stakeholders about defence procurement opportunities; and support innovation, international competitiveness and growth within the aerospace, defence, and marine sectors in Western Canada.
- Projects under the Federal Defence Procurement priority reported that $76.0 million in international business leads were generated through missions, events and marketing initiatives and 66 western SMEs or other organizations participated in an international business mission event, or marketing initiative.
- WD worked as a business facilitator to inform western Canadian stakeholders of federal defence procurement and what is required to successfully engage and maximize participation in global supply chains of prime contractors and key partners. This included preparing detailed supplier lists and delivering tours for bidders. WD also hosted the Western Innovation Forum in April 2015 that attracted over 600 participants from over 350 organizations to connect them with innovation-driven investment, partnership and business opportunities.
- WD represented western interests to decision makers in the development of national policies and strategies relating to the federal procurement process, particularly the federal Defence Procurement Strategy. This included participating on federal Evaluation Committees that reviewed and assessed the Industrial and Technological Benefits plans and rated and weighted Value Proposition proposals under which bidders on defence procurement projects compete on the basis of economic benefits to Canada.
- WD supported collaborative trade and investment opportunities for Western Canada as part of a unified Canadian presence at international tradeshows including the International Paris Air Show, Defence Security and Equipment International in 2015 and the 2016 Singapore Air Show.

Revitalization of the Western Canada Business Services Network (WCBSN)

Description

Ensure WCBSN members are maximizing their economic impact in their communities and are aligned with Government of Canada and WD priorities.

Priority Type[x]

Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
• Continue to work with WCBSN members to strengthen the structures, governance, accountability and performance management needed to provide value-added offerings.	April 2015	March 2016	Completed	Business Development and Innovation Community Economic Growth
• Work with the WCBSN to enhance its support and promotion of Government of Canada priorities and the implementation of activities that support sustainable economic growth.	April 2015	March 2016	Completed	Business Development and Innovation Community Economic Growth

Progress Toward the Priority

- As part of the WCBSN Revitalization initiative, by the end of 2015–16, WD completed revitalization efforts to strengthen governance structures, accountability and reporting frameworks of Community Futures (CF), Women's Enterprise Initiative (WEI) and Francophone Economic Development Organizations (FEDO). Specifically, performance indicators were streamlined, common indicators were developed and the reporting burden for high performing organizations was reduced. FEDOs also transitioned to newly updated three-year contribution agreements.
- A review was undertaken of the Aboriginal Business Service Network (ABSN) and Entrepreneurs with Disabilities Program (EDP) organizations in 2015–16 which involved consultations with stakeholders. The revitalization of the ABSN will be completed in 2016-17 with EDP efforts to be finalized in 2017–18.
- Following recommendations made in the 2014 evaluation of the Canada Business Network (CBN), the Department also undertook consultations with stakeholders from all CBN organizations and provincial representatives to enhance the delivery of the CBN.
- In 2015–16, WD accomplished significant systems development with the creation and roll-out of the WD Web portal and the enhancements made to WD's Client Relationship Management system. These systems support the capture of targets and results data and allow for the electronic submission of target and reporting data directly from CFs, WEIs and FEDOs.
- In support of Government of Canada priorities, including sustainable economic growth, WCBSN partners, excluding the CBN, provided training to 28,681 participants. They also provided 46,312 business advisory services to SMEs in rural and urban areas. In addition, the CFs provided 1,463 loans with a value of $76.4 million that leveraged an additional $88.2 million. The WEIs[xii] provided 116 loans with a value of $9.6 million that leveraged an additional $11.2 million. WCBSN impacts included 5,075 jobs created or maintained through lending.
- The CBN provided over 69,974 business information services across Western Canada.

For more information on organizational priorities, see the Ministers' mandate letters.[xiii]

Section II: Expenditure Overview

Actual Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	Difference (actual minus planned)
159,913,914	159,913,914	165,119,375	155,691,374	(4,222,540)

Human Resources (Full-Time Equivalents[xiv] [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
306	287	(19)

Budgetary Performance Summary

Budgetary Performance Summary for Programs and Internal Services (dollars)

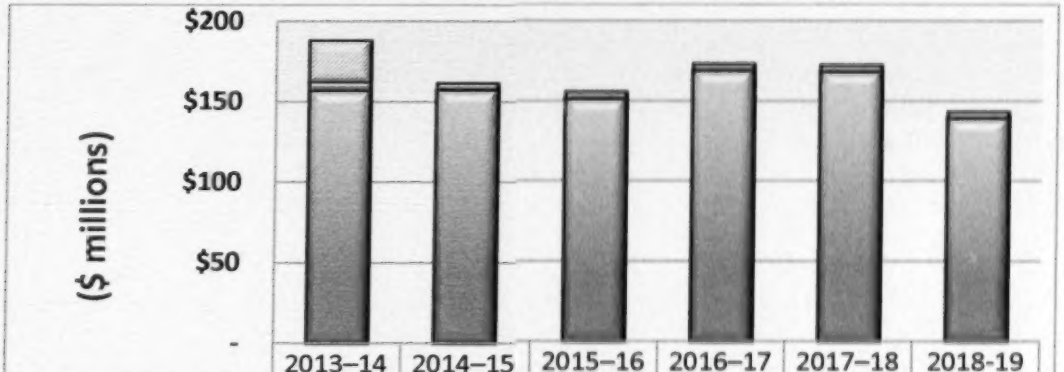
Program(s) and Internal Services	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2014–15 Actual Spending (authorities used)	2013–14 Actual Spending (authorities used)
Business Development and Innovation	100,520,050	100,520,050	95,135,450	94,352,960	104,690,346	97,298,416	107,678,368	98,912,661
Community Economic Growth	34,862,792	34,862,792	57,322,492	57,141,987	35,071,380	35,240,300	31,958,193	62,155,737
Policy, Advocacy and Coordination	10,145,094	10,145,094	8,414,266	8,195,025	10,471,837	8,922,602	8,736,194	9,306,314
Internal Services	14,385,978	14,385,978	12,519,328	12,968,729	14,885,812	14,230,056	13,629,781	17,953,579
Total	**159,913,914**	**159,913,914**	**173,391,536**	**172,658,701**	**165,119,375**	**155,691,374**	**162,002,536**	**188,328,291**

Planned spending of $159.9 million for 2015–16 was increased by $5.2 million provided through new authorities and transfers, including $2.5 million from collections of repayable contributions, $1.0 million for a transfer from the Royal Canadian Mounted Police to contribute to the development and deployment of enhanced marine radar, $1.8 million for an operating budget carry forward, and a reduction of $0.1 million for various other minor adjustments.

Actual spending of $155.7 million is lower than planned spending by $4.2 million. This variance is primarily due to frozen allotments related to other government initiatives and personnel.

Actual FTE utilization is lower than planned as a result of a departmental strategy to review and streamline functions to improve efficiencies for future years. Results continue to be achieved sooner than planned.

Departmental Spending Trend



	2013–14	2014–15	2015–16	2016–17	2017–18	2018-19
Sunset Programs	25.7	-	-	-	-	-
Statutory	5.2	4.2	4.0	4.1	4.1	4.1
Voted	157.4	157.8	151.7	169.3	168.6	139.4
Total	188.3	162.0	155.7	173.4	172.7	143.5

The figures presented in the chart above reflect the impact that sunset funding and new initiatives have on the department's overall spending. The majority of sunset funding is due to the cessation of the Community Infrastructure Improvement Fund initiative. Planned spending will increase in 2016–17 and 2017–18 as a result of the introduction of the Canada 150 Community Infrastructure Program initiative.

In addition, the figures presented in the chart above do not include funds spent on behalf of other government departments. For example, in fiscal year 2015–16, WD expended approximately $18.7 million on behalf of Infrastructure Canada, under the Building Canada Fund.

Expenditures by Vote

For information on the WD's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2016*.[xv]

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2015–16 Actual Spending With the Whole-of-Government Framework[xvi] (dollars)

Program	Spending Area	Government of Canada Outcome	2015–16 Actual Spending
1.1 Business Development and Innovation	Economic Affairs	Strong economic growth	97,298,416
1.2 Community Economic Growth	Economic Affairs	Strong economic growth	35,240,300
1.3 Policy, Advocacy and Coordination	Economic Affairs	Strong economic growth	8,922,602

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	145,527,936	141,461,318
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Financial Statements and Financial Statements Highlights

Financial Statements

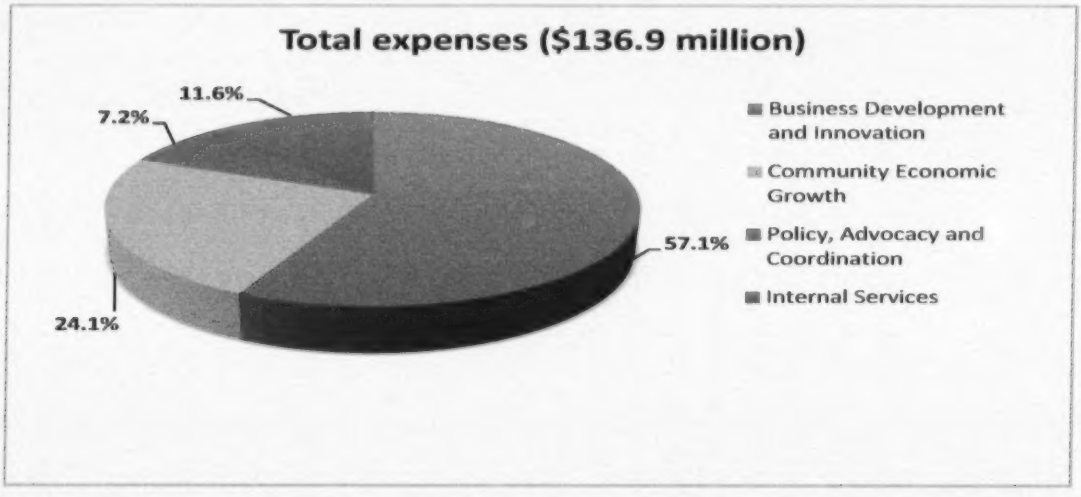
The complete WD financial statements can be found at http://www.wd.gc.ca/eng/59.asp.

Financial Statements Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of WD's financial position and operations. The unaudited financial statements are prepared in accordance with accrual accounting principles (the link to complete financial statements is above).

Condensed Statement of Operations (unaudited) For the Year Ended March 31, 2016 (dollars)

Financial Information	2015–16 Planned Results	2015–16 Actual	2014–15 Actual	Difference (2015–16 actual minus 2015–16 planned)	Difference (2015–16 actual minus 2014–15 actual)
Total expenses	149,013,331	136,890,171	151,214,094	(12,123,160)	(14,323,923)
Total revenues	1,871	3,244	589	1,373	2,655
Net cost of operations before government funding and transfers	149,011,460	136,886,927	151,213,505	(12,124,533)	(14,326,578)

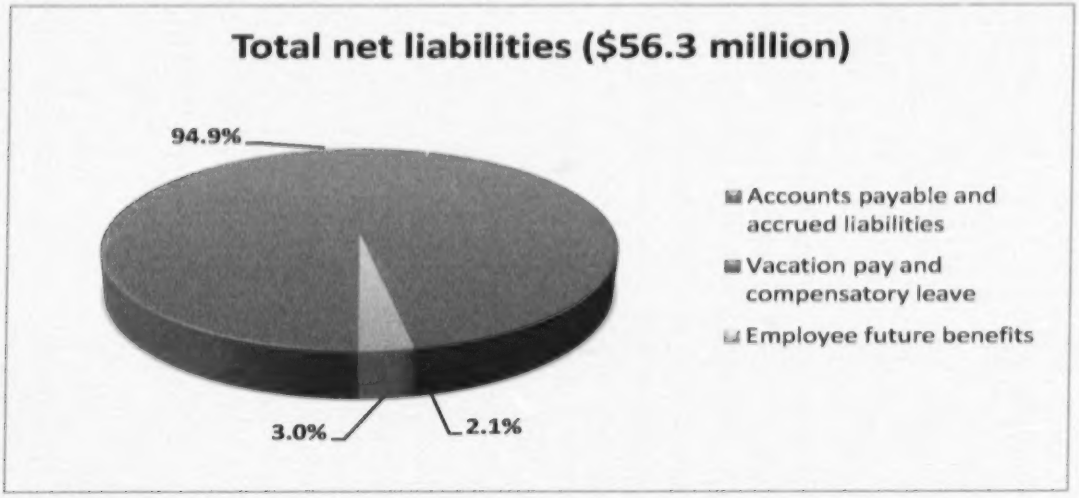


Total expenses were $136.9 million in 2015–16, a decrease of $14.3 million (9 percent) over 2014–15. This year-over-year decrease is attributed to a reduction in transfer

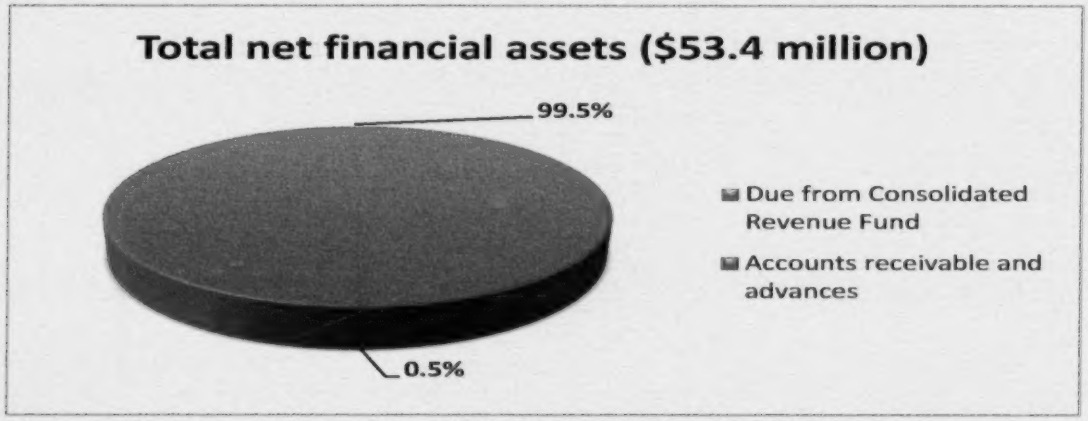
payment expenses of $13.6 million, primarily due to a decrease in funding to non-repayable projects under the Western Diversification Program. The remaining $0.7 million is attributed to a reduction in operating expenses.

Condensed Statement of Financial Position (unaudited) As at March 31, 2016 (dollars)

Financial Information	2015–16	2014–15	Difference (2015–16 minus 2014–15)
Total net liabilities	56,291,696	73,163,019	(16,871,323)
Total net financial assets	53,412,053	69,989,517	(16,577,464)
Departmental net debt	(2,879,643)	(3,173,502)	293,859
Total non-financial assets	90,885	228,463	(137,578)
Departmental net financial position	(2,788,758)	(2,945,039)	156,281



Total net liabilities were $56.3 million at the end of 2015–16, a decrease of $16.9 million (23 percent) over 2014–15. This year-over-year decrease is attributed to a reduction in the establishment of year-end accounts payable balances, not required due to the timing in the processing of claims for reimbursement.



Total net financial assets were $53.4 million at the end of 2015–16, a decrease of $16.6 million (24 percent) over 2014–15. This year-over-year decrease is related mostly to amounts Due from Consolidated Revenue Fund, as a lesser amount is required to pay for accounts payable balances established in 2015–16.

Section III: Analysis of Programs and Internal Services

Western Economic Diversification Canada (WD) works to develop and diversify the western Canadian economy, helping to build businesses that are innovative and competitive, while diversifying the base of the western Canadian economy beyond primary resource industries.

In 2015–16, WD's strategic outcome was advanced through three programs: Business Development and Innovation; Community Economic Growth; and Policy, Advocacy and Coordination, with focused efforts in six priority areas.

WD sets targets annually for all performance indicators at the program and sub-program level in the departmental Performance Measurement Framework (PMF). [xvii] Progress is tracked against targets based primarily upon results that grants and contributions projects report during the fiscal year. In addition, WD collects information on several non-PMF performance indicators to support accountability and programming decision making.

Programs

Program 1.1: Business Development and Innovation

Description

Business Development and Innovation supports western Canadian businesses, industry, and research organizations to enhance business innovation, productivity, and global engagement. Value-added production is strengthened through the introduction of new products, technologies, or innovations to existing processes, as well as through efforts to pursue global markets and increase investment in Western Canada. Additionally, this program supports some members of the Western Canada Business Service Network and related partners to provide business services and access to capital in Western Canada in support of increased entrepreneurism. Transfer payments in support of this program are made under the authority of the Women's Enterprise Initiative and the Western Diversification Program. Funding support of the Canada Business Network is comprised of operations and maintenance funding.

Program Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of the Business Development and Innovation program: value of international business activity facilitated by WD; number of small and medium-sized enterprises (SME) that increase gross margins; and number of instances of protection of intellectual property exercised.

In 2015-16, the target for value of international business activity facilitated by WD indicator was $325 million and the actual result was $550 million. The target for number of instances of protection of intellectual property exercised was 30 and the actual result was 9. For these two indicators, the variance is due to the multi-year nature of funded projects with results sometimes being realised or reported earlier or later than anticipated

The target for the remaining indicator which captures the number of SMEs that increase their gross margins was 514 and the actual result was 10. The variance for this indicator is attributable to a project which set a target of 505, but is not reporting results yet as commercialization is taking longer than anticipated.

In addition, WD funding in 2015–16 resulted in 782 skilled workers being hired as a result of training or skills certification, 621 highly qualified personnel (HQP) trained and $38 million of sales tied to knowledge-based products, processes, services or technologies being commercialized.[xviii]

In 2015–16, WD approved $73.0 million in assistance for 76 Business Development and Innovation projects. This included projects supported under the Western Diversification Program (WDP)[xix] and the Western Innovation (WINN) Initiative.[xx]

Under WDP, WD approved 55 projects with not-for-profit applicants, providing $51.9 million in assistance to strategically invest in Western Canada's innovation eco-system, strengthen western Canadian SMEs' engagement in international markets, and improve access to skilled labour. In 2015–16, the Department refined its program parameters, application form and applicant guide for the second intake of WDP, and provided greater clarity to assist applicants in submitting stronger, more targeted project proposals. WDP projects cover a range of sectors including agri-food, life sciences, information and communications technologies, aerospace and defence, and tourism.

WD also approved 21 projects under WINN, providing $21.0 million in assistance to western Canadian SMEs to commercialize new innovative products, processes and services. These projects build upon competitive regional advantages by covering a range of sectors outside traditional areas of strength, including clean technology, information communication technologies, health and life sciences.

In order to attract foreign investment to the West, WD has been working closely with Global Affairs Canada as they roll out the Invest in Canada Office and a new Trade Promotion Strategy. WD acted as a convenor with Regional Development Agencies on Trade and Investment and participated in initiatives led by Global Affairs Canada, including meetings with senior officials on the Invest in Canada Office. In addition, WD attended the Northern Labour Market Forum in LaRonge, Saskatchewan in November 2015 to meet with key regional stakeholders on international trade and Indigenous economic development issues.

In 2015–16, WD continued to revitalize the Western Canada Business Service Network (WCBSN),[xxi] specifically focusing on the Francophone Economic Development Organizations (FEDO). The WCBSN also strengthened their efforts to enhance the business productivity, competitiveness and growth of western Canadian SMEs. WD worked with the Canada Business Network (CBN) service centres in Western Canada to implement a new national performance measurement and evaluation strategy for the CBNs to strengthen reporting on results.

The Department completed an evaluation of its Business Productivity and Growth programming.[xxii] The evaluation concluded that the programming fills an important gap by funding SMEs to attract and retain skilled labour through improved access to capital, management training, building capacity and strengthening collaboration across stakeholders. Clients reported that funded projects provided training opportunities and created jobs. The evaluation provided three recommendations for the Department:

1) Continue to identify and adopt best practices to enhance the ongoing relevance of the business productivity and growth programming;
2) Improve how WD measures and reports on longer term outcomes in order to enhance the business productivity and growth programming's ability to tell its performance story; and
3) Review WD's business productivity and growth programming to improve flexibility and responsiveness.

WD has developed a Management Response Action Plan to address these recommendations.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
100,520,050	100,520,050	104,690,346	97,298,416	(3,221,634)

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
111	99	(12)

Note: Actual FTE utilization is lower than planned as a result of a departmental strategy to review and streamline functions to improve efficiencies for future years.

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Western Canadian SMEs are engaged in international business	Value of international business activity facilitated by WD	$325 million	$550 million
Western Canadian SMEs are competitive	Number of SMEs that increase gross margins	514	10
Western Canadian SMEs are innovative	Number of instances of protection of intellectual property exercised	30	9

Program 1.2: Community Economic Growth

Description

Community Economic Growth involves economic development initiatives that support communities to advance their economies, adjust to changing and challenging economic circumstances, and recover from depressed economic circumstances. This is achieved through both direct funding of projects, as well as funding support of the Community Futures (CF) organizations. Additionally, this program assists communities to assess community strengths, weaknesses, opportunities, and potential for new economic activity, and to develop and implement community plans. Transfer payments in support of this program are made under the authority of the Western Diversification Program and the Community Futures Program.

Program Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of the Community Economic Growth program: SME sales growth; number of communities benefitting from Community Economic Growth projects; and number of communities benefitting from federal public infrastructure investments.

In 2015–16, WD nearly met or exceeded actual results against two targets set for the indicators related to the Community Economic Growth program. The target for SME sales growth indicator was 10.0% and the actual result was 9.9%. The target for number of communities benefitting from Community Economic Growth projects was 1175 and the actual result was 1468. For the infrastructure indicator, the target and actual result are not applicable (n/a) this year; results are expected starting next year.

WD continued to support Indigenous skills and business development in West Coast energy by serving as delivery agent for six projects that were previously approved for $4 million under the Strategic Partnerships Initiative (SPI). An additional $4.0 million of SPI funding was approved to deliver a new BC Indigenous Clean Energy Initiative (BC ICEI). BC ICEI will support Indigenous economies and communities through clean energy project development, businesses and job creation, additional direct investment and

increasing ownership, revenue sharing and local employment through assessment and environmental monitoring activities.

In addition, WD continued to support official language minority communities in Western Canada under the Government of Canada's strategy for official languages *Roadmap for Canada's Official Languages (2013–2018)*[xxiii] by approving six new Economic Development Initiative (EDI)[xxiv] projects in 2015–16, totalling $1.2 million in WD funding. The projects support the economic development capacity of francophone communities through enhanced training programs, tourism services and business incubators for francophone entrepreneurs.

CFs[xxv] continued the implementation of CF Revitalization decisions under the 3-year Contribution Agreements issued to the majority of Western CFs. The revitalized CF network continues to focus on supporting activities which maximize the economic impact of CF members in Western Canada and align with Government of Canada and WD priorities. New this year was the launch of the WD Web Portal which allows CFs to upload target and quarterly reporting data directly to WD through an online interface.

A 2015–16 analysis[xxvi] of data submitted by CFs regarding their clients, compared to similarly sized and located companies contained in Statistics Canada's database, demonstrated strong performance by CFs in prior years:

- Employment Growth: In terms of employment, CF assisted firms grew at a compounded rate of 7.7 percent per year compared to 2.2 percent for non-assisted firms from 2008 to 2013.
- Sales Growth: In terms of sales, CF assisted firms grew at a compounded rate of 9.9 percent compared to 3.7 percent for non-assisted firms from 2008 to 2013.
- Firm Longevity: CF assisted firms exhibited stronger firm longevity than firms in the comparable group, especially in the long run. There was a 66 percent survival rate after five years for CF assisted businesses versus 45 percent for non-assisted.
- Industry Diversification: CF organizations are lending to a slightly less diversified client base than the comparable group.

In May 2015, WD launched a call for proposal process to invite applications for the Canada 150 Community Infrastructure Program and approved 469 projects totalling $46.1 million. The Canada 150 Community Infrastructure Program[xxvii] is part of Canada 150 Celebrates,[xxviii] the Government of Canada's celebration of our country's 150th anniversary of Confederation. Budget 2015 provided $150 million over two years to Canada's Regional Development Agencies to deliver further community funding across the country starting in 2016–17. WD is responsible for administering the program in Western Canada.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
34,862,792	34,862,792	35,071,380	35,240,300	377,508

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
35	38	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Western Canadian communities have strong businesses	SME sales growth	10.0%	9.9%*
Western Canadian communities have capacity for socio-economic development	Number of communities benefitting from Community Economic Growth projects	1,175	1,468
Western Canadian communities have the necessary public infrastructure to support economic growth	Number of communities benefitting from federal public infrastructure investments	n/a	n/a

* From 2008 to 2013, CF assisted firms grew at a compounded rate of 9.9 percent compared to 3.7 percent for non-assisted firms. Results based on the latest available Round Six (2008–13) data provided by the Centre for Special Business Projects, Statistics Canada, July 2016.

Program 1.3: Policy, Advocacy and Coordination

Description

Policy, Advocacy, and Coordination arises from the *Western Economic Diversification Act* and empowers the Minister to advance the interests of Western Canada through policies and programs and by establishing cooperative relationships with key stakeholders. Policy, Advocacy and Coordination efforts enable WD to: provide a strong voice for Western Canada, which results in effective strategies, policies, and programs that address economic development needs; lead federal and intergovernmental collaboration to pursue key opportunities for long-term growth and diversification in areas of federal or shared federal-provincial jurisdiction; and, enable economic analysis activities to be carried out, which ultimately assist with informing policy and program

decisions. Transfer payments in support of this program are made under the authority of the Western Diversification Program.

Program Performance Analysis and Lessons Learned

WD continually refines and focuses its Policy, Advocacy and Coordination (PAC) program to meet the changing priorities of western Canadians. Through economic analysis, as well as engagement with key partners and stakeholders, WD works to ensure that its priorities continue to be well-aligned with specific needs of the business community in Western Canada. Based on the latest March 2014 PAC survey[xxix] sent to key stakeholders, over 80% of key informants held the opinion that WD activities resulted in policies or programs that supported economic development in Western Canada and that the Department needed to enhance its communication efforts and better inform stakeholders of departmental activities and success stories.

In 2015–16, WD coordinated 29 economic development initiatives, programs and policies and engaged in 27 initiatives that enhanced access to procurement opportunities for western Canadian SMEs.[xxx]

Through its advocacy and coordination role, WD has succeeded in bringing together key stakeholders to respond to growing economic opportunities in Western Canada. For example, in April 2015, WD hosted the second Western Innovation Forum (WIF)[xxxi] in Vancouver, British Columbia in collaboration with the Canadian Association of Defence and Security Industries, Mitacs, and the Canadian Commercial Corporation. This industry-oriented event connected Western Canada's aerospace, marine, defence, and security industries to innovation-driven investment, partnership and business opportunities. The event attracted more than 600 participants representing over 350 organizations. It included an Innovation Marketplace to highlight federal and provincial innovation support programs, an Innovation Showcase demonstrating new technologies, and facilitated more than 270 Business-to-Business and Business-to-Government meetings. Based on a survey, 97.2 percent of participants found the event met or exceeded expectations, and 100 per cent said that based on their experience, they will attend future WD events.

In order to enhance access to capital capacity in Western Canada, WD convened an Access to Capital discussion with public sector stakeholders, in conjunction with the Banff Venture Forum, in September 2015. The discussion served to enhance the understanding of each other's programs and services and to deepen understanding of the access to capital challenges faced by SMEs in Alberta and Western Canada. Participants appreciated the opportunity to meet each other, to talk about the changing economic environment impacting SMEs, and to continue to work together to ensure SMEs have the financing they need to grow and flourish.

In June 2015, WD approved the establishment of a "single-window" Foreign Trade Zone (FTZ) in Regina. The FTZ Points facilitate the coordination of government programs and services related to international trade. There are now four FTZ Points across the West at inland ports in Winnipeg, Regina, Calgary and Edmonton.

In support of WD's Indigenous Economic Growth priority, WD in partnership with Indigenous and Northern Affairs Canada (INAC) hosted the second Saskatchewan Aboriginal Economic Development Forum in December 2015. Approximately 140 people attended the forum, which connected 90 Indigenous economic representatives and businesses to procurement opportunities with the federal government, provincial Crown Corporations, and Saskatchewan-based mining and construction companies. Future opportunities for collaboration between INAC and WD are being explored.

Through its on-the-ground intelligence gathering and economic analysis, WD identifies key issues, and supports policy discussions and decision making at the departmental and national level to seize opportunities and identify challenges facing the regional economy. For example, WD gathers intelligence and provides strategic advice related to key priorities including trade and investment, innovation, Indigenous economic growth, and federal defence procurement that directly informs and advances a western Canadian perspective in national policy-making. Another example is the in-depth research WD conducted on global, Canadian, and western Canadian economic trends, opportunities and challenges which helped inform senior management of key issues and set the framework for discussion and development of departmental medium-term policy. WD also developed a Disruptive Technology Diagnostic to provide an overview of key disruptive technology capabilities (e.g., advanced materials, energy storage, and big data) present in Western Canada. The diagnostic provided statistical information, profiled key research organizations, and highlighted both private sector and WD investments for selected emerging technologies. It also provided an in-depth statistical overview of science and technology in Western Canada.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
10,145,094	10,145,094	10,471,837	8,922,602	(1,222,492)

Note: Actual spending is lower than planned as a result of reallocation of funding to other departmental priorities.

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
58	56	(2)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Policies that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in policies that support the economic development of Western Canada	90%	82.7%[xxxii]
Programs that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in programs that support the economic development of Western Canada	90%	87.0%[xxxiii]

Internal Services

Description

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Program Performance Analysis and Lessons Learned

In 2015–16, WD undertook a number of initiatives to create a technology and systems-enabled workplace to support the Government of Canada's Blueprint 2020[xxxiv] goals of enhancing service delivery, boosting value for money, and maintaining an efficient and high-performing organization. For example, in September 2015, WD completed its migration to the new standardized Government of Canada email system via the Email Transition Initiative (ETI). Shared Services Canada led this initiative to standardize email across the Government of Canada, consolidating over 100 different email systems into one. Using Microsoft Exchange as the foundation and Outlook as the interface, ETI reduces duplication and overlap, maximizes resources, improves collaboration, and reduces the risk of cyber-threats.

In addition, WD carried out significant system development with the creation of the WD Web Portal and implemented enhancements to the department's internal Client Relationship Management system to support the capture of targets and results data from WCBSN organizations. The portal increases efficiency and allows for the electronic submission of performance data directly to WD staff from CFs, FEDOs and WEI organizations. Training sessions were also facilitated across the regions to organizations and WD staff in order to maintain consistent program delivery and direct assistance during implementation. The new system facilitated the implementation of efficiencies

gained through the WCBSN Revitalization efforts, and will greatly enhance the target and results reporting capabilities for these organizations and for WD. WD also continues its ongoing engagement and partnership with the other Regional Development Agencies in the development of a common grants and contributions system to achieve program efficiencies.

In November 2015, after concluding the modernization of its Saskatoon offices, WD commenced the modernization of its Edmonton and Ottawa offices towards Government of Canada Workplace 2.0 Standards that will encourage employees to work smarter, greener and healthier in order to serve Canadians. For example, each staff member will be provided with height adjustable work surfaces and office ergonomic training to create a more active workplace. The new work environment is expected to promote collaboration and engagement between employees throughout the offices and to foster a knowledge sharing environment between WD units.

Furthermore, WD continues to invest in and expand the use of video conferencing, web-based tools, and other wireless connectivity technologies for participating and conducting inter-regional meetings, training sessions, and day-to-day activities. This aligns WD with the government's workplace modernization and Destination 2020 strategy.

WD is a participant in the Federal Sustainable Development Strategy (FSDS) and contributes to the Greening Government Operations targets through the Internal Services program. The Department contributes to the following target areas of Theme IV (Shrinking the Environmental Footprint–Beginning with Government) of the FSDS: e-waste, printing unit reduction, paper consumption, green meetings and green procurement. For additional details on WD's Departmental Sustainable Development Strategy, please see the list of Supplementary Information Tables in Section III.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
14,385,978	14,385,978	14,885,812	14,230,056	(155,922)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
102	94	(8)

Section IV: Supplementary Information

Supporting Information on Lower-Level Programs

Supporting information on lower-level programs is available on the Western Economic Diversification Canada's (WD) website. [xxxv]

Supplementary Information Tables

The following supplementary information tables are available on the WD website. [xxxvi]

- Departmental Sustainable Development Strategy
- Details on Transfer Payment Programs of $5 Million or More
- Internal Audits and Evaluations
- Up-Front Multi-Year Funding
- User Fees, Regulatory Charges and External Fees
- Performance Measurement Framework Methodologies

Federal Tax Expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as: low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Report of Federal Tax Expenditures. [xxxvii] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational Contact Information

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*)**:** A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*)**:** What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

plans (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*)**:** Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*)**:** A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must

be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Whole-of-government framework (cadre pangouvernemental): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i Supplementary Information on Lower Level Programs – Sub-Program 1.1.4: Technology Commercialization, http://www.wd-deo.gc.ca/eng/19224.asp

ii Section III: Analysis of Programs by Strategic Outcome – Program 1.1: Business Development & Innovation

iii WD Audit and Evaluation - Evaluation of Business Productivity and Growth Program, http://www.wd-deo.gc.ca/eng/60.asp

iv Based on the latest available Round Six (2008–13) data provided by the Centre for Special Business Projects, Statistics Canada, July 2016

v *Western Economic Diversification (WD) Act*, http://laws.justice.gc.ca/eng/acts/W-6.8/

vi Program authorities for the Western Innovation Initiative are under the Western Diversification Program.

vii This is evident across macro-economic indicators including labour statistics where in 2015, the unemployment rate rose sharply in Alberta (+1.3 percentage points) and Saskatchewan (+1.2pp), while remaining flat in British Columbia (+0.1pp) and Manitoba (+0.2pp). The unemployment rates across western Canadian provinces were still the lowest in the country. (Source: Statistics Canada, CANSIM table 282-0002)

viii In 2015, labour productivity (real GDP per hour worked) declined in Alberta (-2.9%) and Saskatchewan (-0.5%), and increased modestly in British Columbia (+0.6%) and Manitoba (+0.4%).

ix *2015–16 Report on Plans and Priorities*, http://www.wd-deo.gc.ca/eng/59.asp

x Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the *Report on Plans and Priorities* or the *Departmental Performance Report*.

xi Includes three projects which contributed to more than one priority

xii Women's Enterprise Initiative, http://www.wd.gc.ca/eng/256.asp

xiii Minister of Innovation, Science and Economic Development mandate letter, http://pm.gc.ca/eng/minister-innovation-science-and-economic-development-mandate-letter

xiv "Full-time equivalent" (FTE) is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. FTEs are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

xv *Public Accounts of Canada 2016*, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

xvi Whole-of-Government Framework, http://www.tbs-sct.gc.ca/hgw-cgf/finances/rgs-erdg/wgf-ipp-eng.asp

xvii Performance Measurement Framework Methodologies, http://www.wd-deo.gc.ca/eng/19223.asp

xviii Supplementary Information on Lower Level Programs, http://www.wd-deo.gc.ca/eng/19224.asp

xix Western Diversification Program – Call for Proposals, http://www.wd-deo.gc.ca/eng/301.asp

xx Western Innovation Initiative, http://www.wd-deo.gc.ca/eng/14857.asp

xxi Western Canada Business Service Network, http://www.wd-deo.gc.ca/eng/99.asp

xxii WD Audit and Evaluation - Evaluation of Business Productivity and Growth Program, http://www.wd-deo.gc.ca/eng/60.asp

xxiii *Roadmap for Canada's Official Languages (2013–2018): Education, Immigration, Communities*, http://canada.pch.gc.ca/eng/1457029880818

xxiv Economic Development Initiative, http://www.wd-deo.gc.ca/eng/11564.asp

xxv Community Futures, http://www.communityfuturescanada.ca/

xxvi Based on the latest available Round Six (2008–13) data provided by the Centre for Special Business Projects, Statistics Canada, July 2016

xxvii Canada 150 Community Infrastructure Program, http://www.wd-deo.gc.ca/eng/18872.asp

xxviii Canada 150: Join the Celebration, http://canada.pch.gc.ca/eng/1342792785740

xxix WD Policy, Advocacy and Coordination Survey, March 2014 (conducted every 2.5 years)

xxx Supplementary Information on Lower Level Programs, http://www.wd-deo.gc.ca/eng/19224.asp

xxxi Western Innovation Forum, http://www.wd-deo.gc.ca/eng/18874.asp

xxxii WD Policy, Advocacy and Coordination Survey, March 2014

xxxiii Ibid.

xxxiv Blueprint 2020 Initiative, http://www.clerk.gc.ca/eng/feature.asp?pageId=350

xxxv Supplementary Information on Lower Level Programs, http://www.wd-deo.gc.ca/eng/19224.asp

xxxvi Supplementary Information Tables, http://www.wd-deo.gc.ca/eng/19217.asp

xxxvii Report on Federal Tax Expenditures, http://www.fin.gc.ca/purl/taxexp-eng.asp